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September 21, 2018

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
 Chief Clerk & Administrator
 Public Service Commission of South Carolina
 101 Executive Center Drive, Suite 100
 Columbia, South Carolina 29210

Re: Petition of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC for Approval of CPRE Queue Number Proposal, Limited Waiver of Generator Interconnection Procedures, and Request for Expedited Review
Docket No. 2018-202-E

Dear Ms. Boyd:

On August 22, 2018, the Public Service Commission of South Carolina ("Commission") issued its Order No. 2018-580, which granted the South Carolina Office of Regulatory Staff's ("ORS") request for additional time to review the Competitive Procurement of Renewable Energy Program ("CPRE" or "CPRE Program") and discovery and required updates for this matter to be due 30 days from the date of the Order. Please allow this letter to serve as the ORS progress update.

On June 19, 2018, Duke Energy Carolinas, LLC and Duke Energy Progress, LLC (the "Companies") filed their Petition for Approval of CPRE Queue Number Proposal, Limited Waiver of Generator Interconnection Procedures, and Request for Expedited Review ("CPRE Petition") with the Commission. In the CPRE Petition, the Companies request approval for a limited waiver of certain provisions of the South Carolina Generator Interconnection Procedures ("SCGIP") to establish an interconnection queue position in each Companies' interconnection queue for each competitive Request for Proposal ("RFP") solicitation to be held as part of the CPRE Program. According to the CPRE Petition, these requests will allow the Companies to properly administer the CPRE Program for interconnection customers who voluntarily participate by bidding their proposed projects located in South Carolina into the CPRE Program under the jurisdiction of the North Carolina Utilities Commission ("NCUC").

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The requested waiver is limited in time to the forty-five (45) month time period as mandated by North Carolina Session Law 2017-192 (“NC HB 589”), which amends North Carolina’s 2007 Renewable Energy and Energy Efficiency Portfolio Standard (“REPS”), and only applies to interconnection customers who voluntarily bid into the CPRE Program. The Companies are requesting waiver of the following sections of the SCGIP for bidding interconnection customers:

- (1) Sections 1.3.2 and 1.6, which provide that an Interconnection Customer’s Queue Position and Queue Number are based on the original date- and time- stamp of an Interconnection Request Application Form;
- (2) Section 3 Optional Fast Track Process for Certified Generating Facilities;
- (3) Section 4.2 Scoping Meeting;
- (4) Section 4.3 System Impact Study;
- (5) System Impact Study Agreement Section 16.0 which addresses Queue Position priority among other things; and
- (6) System Impact Study Agreement Section 17.0 which defines the timing requirements of the studies.

According to the Companies, waiver of these sections of the SCGIP will allow interconnection customers who bid into the CPRE Program to proceed according to the CPRE Guidelines and RFP requirements under the rules established for the program by the NCUC.

ORS understands that the Companies proposed Queue Number will serve as a singular placeholder Queue Position for Interconnection Customers that elect to participate in the CPRE RFPs, and Queue Position and Queue Number for CPRE RFP participants will not depend on the date- and time-stamp of the Interconnection Request. Queue Position priority and cost responsibility for upgrades within each CPRE RFP will be determined based upon the projects identified by the independent administrator of the program as most cost effective and competitively priced through the RFP.

ORS reviewed the Companies’ CPRE Petition and discovery responses and does not oppose the request to establish a separate queue position for each RFP solicitation in each of the Companies’ respective South Carolina Interconnection Queues, nor does ORS oppose the request for limited waiver of certain sections of the SCGIP as described in the petition.

ORS provides the following recommendations and comments related to the Companies’ CPRE Petition:

1. The Companies’ requests in this Petition are limited to the processing of interconnection requests for bidders into the CPRE Program; therefore, the Companies should take adequate measures to ensure non-bidding interconnection requests are not negatively impacted by the requested waivers or by the Companies’ administration of the CPRE Program. All non-bidding interconnection requests should be processed and studied according to the timelines required by the SCGIP and should not be delayed or

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- disadvantaged in any way by the concurrent processing of interconnection requests in the CPRE Program.
2. South Carolina rate-payers should not be allocated the additional costs incurred by the Companies to administer the CPRE Program including costs such as network upgrade costs that may be socialized as required or negotiated under the CPRE process. The Companies are required to adhere to the “but for” principle under PURPA, and only costs for the purchase of energy and/or capacity at or below the Companies’ avoided costs as approved by the Commission in Docket No. 1995-1192-E are allowed for cost recovery.
 3. At the time of filing of these comments, ORS would note that the NCUC has not yet heard oral arguments regarding the Companies’ filing pertaining to modifications of their proposed changes to the North Carolina Interconnection Procedures relative to administration of the CPRE Program in North Carolina. Therefore, ORS would recommend the Companies provide an update to the Commission and ORS at the conclusion of those matters and modify this CPRE Petition as necessary.
 4. Should the CPRE Petition be granted, it is ORS’s understanding that the interconnection customers that voluntarily agree to participate in the CPRE Program will be subject to the rules, regulations and fees of the NCUC related to the administration of the CPRE Program.
 5. Should the Petition be granted, it is ORS’s understanding that the dispute clause in Section 6.2 of the SCGIP will not apply to the interconnection customers bidding into the CPRE Program for Sections 1.3.2, 1.6, 3, 4.2, 4.3, and System Impact Study Agreement Sections 16.0 and 17.0; however, ORS will retain its ability to informally assist in dispute resolution for all other SCGIP Sections.
 6. In order for all interested parties to monitor the SCGIP interconnection queue process, ORS recommends the Companies update and file reports with the Commission and ORS similar to those reports required by the NCUC and Public Staff in the CPRE Program Docket Nos. E-2, Sub 1159 and E-7, Sub 1156, and the North Carolina Interconnection Procedures Docket No.E-100, Sub 101.

Finally, ORS reserves the right to review any costs mandated by another state, other than purchased energy and/or avoided capacity costs, in the Companies’ next general rate case(s) to determine, at that time, whether those costs are reasonable and should be allocated to South Carolina rate payers.

Thank you for the opportunity to provide comments on this matter.

Sincerely,



Andrew M. Bateman

cc: All Parties of Record (via E-mail)
 Joseph Melchers, Esquire (via E-mail)